

**CAPITAL PROJECTS ADVISORY REVIEW BOARD  
PROJECT REVIEW COMMITTEE**

**Northwest Carpenters Facility  
25120 Pacific Highway South**

**Kent, Washington**

**July 22, 2010**

**9:00 AM**

**DRAFT  
Meeting Minutes**

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**MEMBERS PRESENT**

Phil Lovell, Turner Construction NW  
Rodger Benson, MA Mortenson Company  
Charles Davis, Evergreen Healthcare  
Tom Peterson, Hoffman Construction Co. of WA  
Eric Smith, University of Washington (UW)  
Keith Schreiber, Schreiber Starling & Lane Architects  
Don Gillmore, Seattle Public Schools  
Rick Benner, Western Washington University  
Darron Pease, Pease & Sons, Inc.  
Penny Koal, SPSCC/Department of General  
Administration (GA)  
Dave Marberg, UW

Miriam Israel Moses, Rebound A Building Trades  
Organization  
Tom Balbo, Ferguson Construction, Inc.  
Jonathon Hartung, SHKS Architects  
Linneth Riley-Hall, Sound Transit  
Rusty Pritchard, Hill International  
Paul Powell, Jr., CPO Construction  
Gary Arndt, Parametrix  
Darlene Septelka, Landon Construction Group  
Dan Chandler, Olympic Associates Company  
Gary Baldasari, G. Baldasari, LLC  
Mike Shinn, Shinn Mechanical

**STAFF, GUESTS, PRESENTERS**

Alan Nygaard, UW  
John Palewicz, UW  
John Lebo, UW  
Robyn Hofstad, GA  
Don Davis, Sound Transit  
Bob Bingham, R.W. Beck  
Chris Lark, City of Everett  
Carlton Gipson, City of Everett  
Tim Marks, City of Everett

Valerie Gow, Puget Sound Meeting Services  
Danelle Bessett, GA  
Rod Kempkes, Sound Transit  
Leslie Jones, Sound Transit  
Henry Cody, Sound Transit  
Dan Chandler, OAC Services  
Bill Buursma, DLR Group  
Derek Rae, OAC Services

**Welcome & Introductions**

Chair Penny Koal convened the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) at 9:02 a.m. A meeting quorum was attained.

There were no public comments.

**Approve Agenda**

**Miriam Moses moved, seconded by Darron Pease, to approve the agenda as published. Motion carried.**

**Approve Previous Meeting Minutes –January 25, 2010, March 25, 2010, and May 27, 2010**

Chair Koal reported the previous meeting minutes were reviewed by all panel chairs and approved for accuracy.

**Miriam Moses moved, seconded by Dave Marberg, to approve the meeting minutes of January 25, 2010, March 25, 2010, and May 27, 2010 as published. Motion carried.**

**Recertification Application Review University of Washington**

Chair Koal outlined the recertification application presentation and review process.

Chair Koal asked members who are currently involved on any University of Washington (UW) project to recuse themselves from the discussion and voting on the recertification application review for UW. Members recused included Tom Peterson, Mike Shinn, Jonathon Hartung, Darlene Septelka, and Dave Marberg.

Eric Smith, Capital Projects Officer, UW, introduced Alan Nygaard, Director of Business Services, and John Palewicz, Interim Director of Program Management. Mr. Smith reported UW was one of the first agencies authorized to use alternative procurement methods in the state to include General Contractor/Construction Management (GC/CM). Prior to new legislation in 2007, UW executed over a third of all GC/CM contracts in the state. Since that time, UW has completed and is in the process of completing over \$1 billion in projects using the GC/CM method. UW has diverse and wide-ranging facilities on campus that reflect many different activities on campus involving a diverse portfolio of projects. Key projects include:

- Health Care Facilities: UW Medical Center Expansion; Washington Dental Service Building
- Research Facilities: Molecular Engineering Building; William H. Foege Building
- Academic Facilities: US Tacoma Phase 3; PACCAR Hall; Balmer Hall Replacement; UW Bothell Phase 3
- Athletic Facilities; Intramural Activities Center; Conibear Shellhouse
- Major Renovations: Includes UW's longstanding core program of renovation and modernizing of existing campus buildings. Completed restorations include Johnson Hall, Architecture Hall, Guggenheim Hall, and Savery Hall. Design was underway and the GC/CM contracted for Lewis and Denny Halls when funding was pulled in the 2009-11 biennium budget.
- A major program emerging is the Housing and Student Life Program with major projects underway under the 10-year program to include new construction of student housing primarily on the west campus and dormitory renovations and Husky Union Building.

The Capital Projects Office is led by Associate Vice President Richard Chapman who has been with UW for nine years.

John Lebo, Interim Director, Student Life Projects Group, reported he has 23 years of experience in the construction industry with 16 years primarily in project management and construction management. He has worked and completed six GC/CM projects worth \$450 million.

John Palewicz reported he has been with UW over 14 years as a project manager and director and is an architect by training. He worked at NBBJ Architects for 15 years prior to his employment at UW. He's overseen 14 GC/CM projects on campus covering a range of project types from new buildings to renovations of student halls.

Alan Nygaard said he's been with UW for over 10 years and prior to his arrival worked at local municipalities within the state. He is involved in all facets of the Capital Projects Office involving Accounting, Contracting, IS Department, project controls, and estimating.

Mr. Smith advised that he's been with UW for approximately eight years and has 30 plus years of experience in the industry both as an owner and a contractor. He has been the Director for the last five years. He is involved in 15 GC/CM as well as Design-Build (D-B) projects.

Brad Spencer, Director, Special Projects Group, was unable to attend the meeting. He is in charge of UW's Special Projects Group, which typically works on projects not large enough to qualify for GC/CM. However, he has also completed some GC/CM projects and was involved in the large Data Center project at UW. Another Director is Olivia Yang, who has most recently been the lead representative of UW on the CPARB. She has been very active in the legislative process over the last several years and continues that work.

Mr. Smith identified UW Project Managers/Construction Managers with experience on GC/CM projects:

Project Managers	Construction Manager
Bob Baldwin	Jeff Angeley
Randy Everett	Bob Dillon
Kurtis Jensen	Steve Folk
Joel Matulys	Jeff Huebler
Will Smith	David Marberg
Troy Stahlecker	Sandy McCrae
Steve Tatge	Dave Meyers
Catherine Vogt	Lanie Ralph
	Mark Sweeters

Mr. Nygaard reported Mike Purdy's replacement is Judy Giniger, Contracts Manager, who has been with the University for approximately 18 months. Another new member is Project Controls Manager Leo Silva, who has 15 years of project experience across the U.S. Chiaka Amadi is the Accounting Manager and has 10 years of experience with UW.

Mr. Smith reported the core value of the University is participation within the industry both in a leadership capacity and in a learning process through legislative and other aspects of the industry. That is accomplished through a number of mechanisms from participation on the CPARB, as a representative of higher education and participation on the PRC. UW has co-sponsored with AGC since 2007, GC/CM training opportunities that is provided to public owners, consultants, and contractors throughout the state.

UW's input on legislation on RCW 39.10 included:

- MACC contingency use
- Alternate dispute resolutions procedures
- On site A/E representatives
- Process and time period for claims
- Negotiated support services (reimbursables)
- MC/CM and EC/CM
- Public Bid Opening

Other industry participation includes the following committee and boards:

- AEA
- AGC Facilities Committee
- DBIA
- CMAA
- NWCCC
- AIA

Chair Koal invited questions from members.

Rodger Benson asked UW representatives to describe the keys that are important to a successful GC/CM project as well as other changes in the statute that UW would like to see adopted.

Mr. Palewicz said UW personnel are the keys to the success of any GC/CM project through experience, training, background, and practice over many years. Additionally, having a general contractor in the role as a construction manager bringing advice and input to the owner's team and the architect's team is extremely important. One of the original goals of alternate public works is having a better chance of bringing projects in on budget. It's important to utilize public money effectively. An important element of that is having construction input. One of the keys is having the legislation and processes that make for an equal team to successfully deliver a project.

Mr. Smith said one fundamental element is having the GC/CM on board as early as possible. The law stipulates no later than the end of schematic design. However, UW is finding it's important to select the GC/CM earlier. To the extent that UW can capitalize on best practices that are now called Integrated Project Delivery (IPD), GC/CM is the best tool to achieve that goal by forming the team early. Another benefit is investing appropriately in the front end. Having a GC/CM on the team early offers the opportunity to utilize their expertise. UW makes that investment in pre-construction services agreements and takes full advantage, particularly in renovation work, which comprises many of UW's projects. It's fundamental to have the contractor tour and review the building to identify all the unknowns. That investment upfront is small compared to the impacts of not doing so later on. Fundamentally, it's about taking advantage of the GC/CM's experience and capability on the front end. Another important element to UW is transparency and an open process. All final proposals are opened publicly, which is a practice now required by law.

Regarding legislative issues, Mr. Smith expressed disappointment with the limit of \$3 million on mechanical/electrical subcontracting for the GC/CM delivery method as there are many projects that are \$19 million to \$20 million where the electrical subcontractor doesn't have sufficient value to meet that threshold, and subsequently those opportunities are lost.

Ms. Moses asked whether other analysis is completed on the benefits of other project delivery methods prior to determining whether the method selected will be GC/CM as well as the factors that are considered for selecting a project for the GC/CM delivery method. Mr. Palewicz replied that one of the factors involves renovation projects and determining how much of the building is solid and how much will entail repairs and how those repairs can be scheduled. That's one of the key decision points of a number of decision points. For renovation projects it makes sense to have that construction experience available. For example, one renovation project involved cutting 50 holes in the existing walls of the building. The CG/CM assisted in that project so that the structural team could verify existing connections.

Mr. Lebo reviewed the analysis conducted on projects. Currently, the department is working on two projects between \$10 and \$15 million where the analysis revealed a low-bid funded project would be preferable rather than GC/CM. Some of the factors considered were the location, complexity of the projects, whether significant phasing was involved, and whether the project was renovation versus new construction. One project involved an interior renovation and the other project was a new building. In those cases, the team selected Design-Bid-Build (D-B-B) as the more appropriate method considering costs, management, and experience of staff.

Mr. Smith commented that the law requires D-B-B as the default delivery method in the state for public projects. UW begins the process from that point of view. Not all projects that would qualify for GC/CM are selected for GC/CM. Often, UW finds the alternative process is the better process whether involving renovations or new buildings. UW's academic calendar must be considered and often it's helpful for the

GC/CM to assist. The first consideration for selection of GC/CM is ensuring the projects qualifies under RCW 39.10, which is the foundation for consideration followed by what is most advantageous to UW.

Dan Chandler asked for an estimate of value or the total of number of UW GC/CM versus D-B-B projects since 2007. Mr. Smith replied that in value, the majority of the projects are GC/CM because of the magnitude of the projects. However, in terms of the number of projects, it is the reverse as UW completes hundreds of D-B-B projects. The majority of the projects are GC/CM but only after completion of the decision-making process for selection of the delivery method.

Darron Pease asked about the number of general contractors involved in completing GC/CM projects. Mr. Smith estimated that there are over 10 general contractors. The team works to reach out to smaller contractors for some of the smaller projects. He cited several company names currently contracted to complete projects.

Don Gillmore asked whether audits of GC/CM projects have uncovered any critical findings. Mr. Nygaard reported only one finding occurred approximately six years ago involving the timing by contractors of filing paperwork on prevailing wages.

Rick Benner asked about public interest surrounding GC/CM projects. Mr. Smith advised that prior to certification in 2007, there was never any attendance to public hearings.

Phil Lovell commented that one of the issues is project reporting to the state. RCW 39.10 sunsets either at the end of 2012 or 2013. The Legislature has very little information in terms of evaluating the success or failure of alternative works contracting. The input to be derived and gained in terms of the knowledge based on input provided by projects is of a paramount importance. The questionnaire form for project entry seeks subjective input as well as subjective facts on the outcome of projects. He asked for feedback on the process and the status of completing questionnaires. Mr. Smith reported UW staff is working with GA staff to help improve input methodology and user friendliness of the system. Currently, it's difficult to enter information at the time it's asked for. It's also difficult to end with partially inputted information without having to begin the process from the beginning. There are a number of frustrations associated with using the system. UW has completed submission of data on all projects required. There are only two points when data are entered – at the beginning when the contract is awarded and at the end of project. All projects listed on the application have been entered in the database but not without some level of difficulty. Some of the UW's projects do not qualify for entry in the database, such as prototype projects which have been entered. It is somewhat frustrating as there is no way to remove them from the system.

Darlene Septelka reported GA staff is currently reviewing and completing a report scheduled for presentation to the CPARB in May. Staff is reviewing data and will begin contacting agencies.

Mr. Smith said the University is interested in ensuring data are accurate and provides value for evaluation of the program by the Legislature. There are concerns that the data provides good information and UW staff is interested in working closely with GA staff. Ms. Septelka added that GA staff initiated the review last month and is beginning to gear up to review current data. She asked owners to notify her if there are projects entered that shouldn't have been entered so they can be removed. Additionally, when the analysis is completed the data source will be removed. The database originated from the first study in 2000. When the analysis is completed there will be comparisons from 2005 and forward to determine if there have been any changes or improvements. Other analysis will be completed on projects completed after 2007 when the legislation changed. The analysis will include projects before and after 2007 as well as some of the historical projects to show whether projects improved. Mr. Smith advised that UW is interested in participating in the historical data analysis as well. Ms. Septelka commented that UW's data were entered from forms completed by UW staff and many are in a written format.

Tom Balbo asked whether any internal audits of the process based on data collected and inputted internally caused UW to initiate any internal changes in terms of difference in operations based on the reports. Ms. Smith said it's unlikely the database and the entry process have driven any changes. Certainly other things have, such as internal audits. There have been a number of changes from internal audits, such as how preconstruction contracts are managed. In recent years, UW inserted wage clauses and ensured that the contract included 5% retainage and payment of sales tax. Staff continually evaluates the contracting process in terms of what has worked and not worked well in previous processes. Currently, for the Bothell campus housing project, the goal has been to obtain a GC/CM early because it adds tremendous value to have the builder on board from the beginning especially in the design phase work because it changes the dynamics of the design phase work to ensure UW can afford to construct the building.

Mr. Balbo referred to UW's FDI (Facilities Service Design Guide) manual guiding development of projects and asked whether the GC/CM process has impacted UW's process, created changes in its design manuals, or evolved to two manuals, one for GC/CM and one for D-B. Mr. Lebo replied that it has more to do with the type of project. Involvement of the general contractor has made a significant difference. For example, housing and food service are self-sustaining and generate revenue with no state funds received for projects. Consequently, there is interest in the long-term maintenance costs associated with those facilities. UW developed a program of evaluating facilities design information guidelines for housing projects. In many areas because they are paying for the maintenance and long-term costs of the facilities, UW has changed how it's using the guidelines. Staff looks closely to industry practices, such as how to construct and maintain those facilities. For example, traditional fire alarm systems are in conduit for housing projects. UW is using many other methods both mechanically and electrically as different ways of installing fire alarm systems. Additionally, the life expectancy of the structures is different for those types of projects. It is driven by the kind of product as well as the experience of the contractor associated with the project.

Mr. Nygaard added that last year, UW reviewed the FDI and completed a life cycle analysis on any issues that were associated as well as an overall review of the manual to ensure some of the requirements were appropriate. There was an extensive year-long analysis and a detailed report on the review of the FDI to ensure the appropriate instructions are included within the manual.

Ms. Moses asked if UW officials addressed with the CPARB their concern about the \$3 million limit as possible legislation for the next session. Mr. Smith advised that the CPARB has not been approached. Ms. Moses asked whether UW officials are interested in pursuing legislation. Mr. Smith advised that the concern is his personal opinion and not necessarily UW's legislative agenda.

Ms. Moses commented on the ongoing review by the Office of Minority and Women's Business Enterprises (OMWBE) with Ms. Yang over the last several years of the University's practices, which found that UW's practices are very good on smaller contracts. She asked if stats are maintained in the GC/CM process and if there has been any difference in the utilization of women and minority businesses. Mr. Nygaard replied that UW has implemented within its scoring system the planning the GC/CM pursues for involvement of underutilized firms. That's new to the UW's selection process. Overall, it's too early to determine whether it's had an impact, but because the process has been implemented, UW has a procedure to ensure that they are following their plan that they submitted to UW. From that UW will be able to determine what the ramifications and outcomes are. Since implementation is about predesign, UW hasn't assessed full implementation and full impact.

Mr. Smith said as a matter of course in working with the GC/CM as the contractor develops its subcontractor bidding plan, the contractor must bid publicly, and low and responsible bids are awarded contracts. At the sub-tier level, UW encourages the GC/CM to encourage bidders to look for opportunities at the sub-tier and supply level for women and minority-owned businesses.

Rodger Benson said it's been fairly apparent that in the GC/CM selection, the pricing component has been very competitive. In some cases, contractors reduce staffing to increase competitiveness. When there are bidders lower by 50% to 60% of a majority of bids, there are concerns whether staffing is appropriate for the project. He asked whether UW has observed any deficiencies in the number of staff or whether it's just a perception. Mr. Lebo responded that there are concerns when bids are substantially lower than the majority of bids. In those cases, UW meets with leadership of the company to determine whether there were some inaccuracies. Typically the answer is no. UW shares the concerns with those bidders and is clear in enforcing contract requirements. In many cases, firms make marketing decisions and often cut the cost of bids. It is an ongoing area of concern. Mr. Smith added that it's more of a concern in the general conditions component rather than the fee because the fee is a business decision on what the contractors want to receive for a project. If the fee is significantly different, the concerns are less than if the fees for general conditions are lower.

Chair Koal asked for public comments. There were no public comments.

Several members commented positively on UW's presentation.

Mr. Lovell commented that there is no question about UW's leadership in alternate public works delivery as well as aiding and improving the conditions and the guidelines of the process. UW has huge infrastructure projects and it would be very appropriate if some of those resources and experiences could be shared with the industry. Legislators do not have an understanding of how projects are built to delivery and sometimes legislators can get caught up in jargon and technicalities. It will be important to work toward the goal that the average person on the street understands the GC/CM and D-B process. He expressed support for UW's certification.

Ms. Linneth-Ray said she sees UW as a leader in the GC/CM process because UW has the experience, knowledge, and leadership. She expressed support for re-certification. It's also important that UW is incorporating OMWBE utilization into the criteria within the GC/CM process. As a leader that's important.

Mr. Gillmore said he strongly supports recertification of UW.

Ms. Moses agreed with many of the comments. She had the unfortunate experience of viewing some documentation by other owners and much of it was incomplete and problematic. This process is a good process for institutions and it's important to point to the UW as an example for other companies.

**Phil Lovell moved, seconded by Charles Davis, to approve recertification of the University of Washington for using Alternative Contracting Procedures as authorized in RCW 39.10. Motion carried. Recused from voting were Tom Peterson, Mike Shinn, Jonathon Hartung, Darlene Septelka, and Dave Marberg.**

Chair Koal recessed the meeting from 10:12 a.m. to 10:38 a.m.

#### **Re-Certification Application Review Washington State University**

Consideration of Washington State University's application was deferred to the September meeting.

Chair Koal revised the agenda to include a debriefing of UW's application.

Ms. Moses offered to participate on the panel in the absence of Bill Kemble for the City of Everett's application. Chair Koal advised that Ms. Septelka will also participate on the panel for the City of Everett's Municipal Court application replacing Tony Benjamin.

Dave Marberg inquired about the status of Mr. Benjamin's membership on the PRC. Chair Koal advised that it has been problematic contacting Mr. Benjamin since he was appointed to the PRC. He has only attended several meetings since his appointment. There have been problems with sending information electronically to his email as well.

Mr. Marberg questioned the status of a quorum. Chair Koal advised a quorum is established based on the number of members, which at this time is 29 members. A meeting quorum requires 19 members.

Mr. Kemble's absence is excused due to a family medical issue.

**Debrief on Recertification Application Review for the University of Washington**

Chair Koal invited comments on the recertification application from UW.

Mr. Pease expressed appreciation that UW officials recognized the value of PRC's time.

Mr. Chandler expressed appreciation of the University's leadership role, which was pointed out during the presentation. UW pursues a public process and does a good job and they lead on the legislative side as well. He asked to receive feedback from the applicant on the recertification process as it might be possible that the recertification process is eliminated after the next sunset of the legislation and becomes part of law.

Mr. Smith said in terms of the application, UW representatives wanted to ensure there was a good balance of information provided and that there is respect for the process and for the role of the committee. There were several aspects of the application that didn't request information but it was provided during UW's first certification and the team agreed the information could be provided if asked during the presentation. There was also acknowledgement that some members are new and were not involved in the first certification, which is why some time was spent on UW's project portfolio and experience factor.

Rusty Pritchard commented that as a new member, he was able to identify the experience factor and the number of projects.

Mr. Benson expressed appreciation for the submittal of a thorough application as UW is a leader and didn't take the process for granted. He was a member of the Expansion Subcommittee of the CPARB with respect to recertification and there were some concerns about changes in organization where the expertise can be different today than three years ago. It's important to acknowledge that the expertise involved in the first certification is still present today and that it provides an opportunity for the PRC to review project history over the last three years. UW has successfully managed those projects. It is likely that public body certification will never be permanent.

Mr. Smith commented that certification is a core value to UW and its aware it is one of the largest agencies in the state. UW officials take that responsibility very seriously and respect the process. UW officials want to be viewed as caring about the process.

Mr. Chandler encouraged UW's continued outreach, especially to smaller contractors who often feel they are edged out of the process. It's important not making previous GC/CM experience a qualification as the goal is increasing the pool. Mr. Smith advised the UW's bids do not require previous GC/CM experience as a requirement, but that contractors can demonstrate equivalent experience in the private sector. At the same time, UW also ensures that there is a demonstration by the applicant of the public arena and knowledge of RCW 39.10 because often applicants haven't recognized the requirements of the RCW.



Ms. Septelka said the last study by JARC identified six major contractors. In this report, that data will be reviewed and hopefully there will be more contractors represented within the percentages.

Mr. Lovell commented that his impression of the CPARB is that the board believes the PRC process as policing the industry and producing a high level of performance in all aspects of the industry. It's important that everyone participate to the fullest extent, and that it's important to maintain consistent high levels of all participants. UW as well as many others are committed and interested in training and want people who are involved in the process to continually step up to training opportunities and creating situations where information can be conveyed to all agencies and projects within the state. Additionally, the CPARB received a briefing on the process of decertification as some public bodies have abused the process. The CPARB is reviewing procedural and legal implications of a decertification process. That may involve the PRC. That's an example of how rigorous the CPARB is about the entire process.

Mr. Benson recommended that when the agenda affords some time, an update on activities of the CPARB should be scheduled on the PRC's agenda.

Chair Koal suggested that with new appointments to the PRC it might be timely to review rules and procedures of the PRC as well as the bylaws. If any updates are necessary PRC members can discuss the issue.

Mr. Marberg commented on the importance of educating the Legislature about the process. It's uncertain as to how many strong voices there are within industry to explain how projects are designed, funded, and delivered and the problems facing the industry. It's important to have several experienced representatives who could present the information. It might be a question to CPARB as to what is CPARB doing and what can be done better to explain to legislators the kind of problems the industry is facing.

Mr. Balbo reported on his attendance to CPARB meetings. The members of the Board are very informed and understand issues within the industry. The Legislature is receiving information from the CPARB. The PRC's report to the CPARB might be a good opportunity to address the concerns. Mr. Lovell said one of the strongest voices in the industry is AGC, which is represented on the CPARB. The AGC supports the process and the continuation of RCW 39.10. In this case, that agency is known as the voice of the industry and is respected by the Legislature.

Chair Koal suggested the question to the CPARB is what PRC can do to help educate legislators in what the design construction is.

Mr. Marberg said based on feedback from Mr. Lovell and Mr. Balbo regarding ongoing efforts he's more comfortable that the voices of the industry are being heard.

Chair Koal acknowledged that there are ongoing discussions. The issue is whether the message is reaching legislators.

Mr. Benson cautioned members as CPARB has the responsibility to fulfill that role. The PRC was formed to perform a specific function. The committee has no responsibility for promoting alternative delivery within the industry or lobbying legislators in Olympia. It would be unusual for the CPARB to ask PRC to assist in those efforts. CPARB meetings are open to the public and anyone can attend. Most of the members of CPARB understand the legislative process.

Mike Shinn questioned whether anyone is tracking the outcome of alternate delivery projects and whether they have been successful or encountered problems. Ms. Septelka said the project data collection project includes questions on project success that are completed by architects, general contractors, and subcontractors.

Mr. Benson said it's an interesting point as there should be some mechanism for the PRC to receive that feedback. Ms. Septelka said there are more questions in this round than in the previous reporting effort as well as more subjective questions on the outcome of alternate delivery processes. Mr. Shinn questioned the source of the final data. Ms. Septelka said data are collected but not available for public consumption. A report will be provided, and at that time it will be available to the public. She described the report format and the problems associated with the data entry process up to this point. Mr. Shinn said it's important to receive information on successful projects as well so that those processes can be implemented within future projects.

Ms. Riley-Hall asked if there is anything that prevents asking the respondents to provide information on lessons learned. Perhaps the recertification can ask about lessons learned.

Mr. Smith agreed that adding a question on lessons learned would be beneficial to include on the application. If UW had considered that question the presentation would likely have had a better response to Mr. Benson's questions. Mr. Benson cautioned against having it appear as a negative question as it will only point out to the Legislature the problems encountered rather than positive outcomes. Mr. Shinn suggested if the question is included in the application, the applicant is not put on the spot and can be prepared to respond. Chair Koal pointed out that the application asks the applicant to provide a short narrative addressing project performance characteristics. Mr. Smith said that section of the application was the most difficult to complete. It would be too onerous to include a narrative on each of the 20 projects on the list. Mr. Shinn suggested the response should be a global and not project-specific. Mr. Smith suggested the question could be framed as, "What has been your experience using GC/CM over the last three years, such as positive outcomes, critiques of the process, and ideas for legislative changes." The response could be several paragraphs and much less onerous than a narrative on each project.

Members discussed whether the PRC process is improving the process. Several members indicated that improvements can be seen and some of the misconceptions have been eliminated. The PRC's review of applications has had some impacts. Some of the applications were disapproved initially and resubmitted after improving their ability and teams. It's possible the PRC could have prevented some disastrous projects that could have entailed the end of alternate project delivery methods.

Ms. Septelka said as part of the reporting process, several focus groups will be convened in the fall involving the contractor, subcontractor, and owner community to gather information on the success of alternate project delivery to provide input to the report on what is and what isn't working.

Mr. Smith suggested that at some point near the sunset of the legislation, the PRC will have five plus years of experience and it might be beneficial to prepare a report on the PRC's assessment of the process as well as how the PRC added value by averting some disasters. Mr. Peterson agreed and indicated that there have been some projects that were questionable.

Mr. Gillmore said another measure of the success of the program is the number of institutions that have used the process. That should indicate institutions believe it's a successful process. Compiling statistical data such as the number of change orders is valid as each job is individual and has its own quirks with successful D-B-B as well as successful GC/CM. If institutions are increasing the use of the delivery method it should reflect that the process is successful and should be promoted to the legislature rather than through detailed statistical data.

Ms. Septelka advised that the CPARB established a subcommittee to determine data to be collected. Change order is one of many categories of information. The report will not provide anything other than a statistical review because that's what JLARC wants. Mr. Shinn offered that a balance of both is necessary. The other issue when the state offered alternate delivery methods was reduction in litigation in the state pertaining to

construction. That would be another element to consider in terms of statistics by determining the level of litigation that has been reduced. Ms. Septelka said the purpose of data collection is to ascertain the number of D-B-B projects. It's important to offer a comparison to GC/CM. Legally, there is no law requiring entry of D-B-B data. However if data are not available there can be no comparison between GC/CM and D-B-B.

Discussion followed on the degree of difficulty in entering the data. Essentially it requires entry at the beginning and end of the project. Mr. Smith said he understood that any D-B-B project over \$5 million was required to be entered into the database.

Mr. Davis said another piece of information that might be helpful is finding out why some public agencies are not using alternate delivery methods.

Mr. Benson said a fair number of the applications are creative but some appear to be embellished especially in prior job experience and GC/CM experience. He questioned whether the PRC should include an affirmation statement within the application attesting to the accuracy of the application. Ms. Moses agreed. There have been some questionable applications. She favored having statistics as well because it's important data.

Discussion followed on the application process and the possibility of reviewing the application for possible revision. It's important to be clear about the role of the GC/CM.

Chair Koal recessed for lunch from 11:40 a.m. to 12:28 p.m.

#### **Project Application Review for D-B Sound Transit South Link Project**

(Panel Chair Chuck Davis, panel members Rick Benner, Rodger Benson, Dan Chandler, Mike Shinn, Eric Smith, and Darron Pease)

Panel Chair Charles Davis welcomed everyone and outlined the application review process. Panel members and guests provided self-introductions.

Don Davis, Deputy Executive Director, Department of Design, Engineering and Construction Management, Sound Transit, reported his last appearance before the PRC was in September to present the agency's first GC/CM project, which was approved and now underway. At that time, it was shared that Sound Transit had approximately \$10 billion in construction projects to implement over the next 15 years and in order to do so will need to use all contracting tools available. This project is the first light rail extension project using the D-B method. The project will extend light rail from the Sea-Tac Airport to South 200<sup>th</sup> Street.

Mr. Davis introduced team members Rod Kempkes, Design Manager and Henry Cody, Construction Manager. Both of them worked on the aerial segment into the airport. Leslie Jones is the Director of the agency's Diversity Program, and Linneth Riley-Hall is the Contracts Manager. Additionally, Gary Baldesari is a team member working in various capacities with Sound Transit over the last several years as a consultant.

Sound Transit is a design and construction agency. The agency has delivered approximately \$3 billion in transportation infrastructure to the region over the past decade. Sound Transit has the required resources.

Mr. Kempkes said the South Link project is part of Sound Transit's ST2 Plan to expand light rail by 36 miles in the central Puget Sound region by 2033. Part of the plan is extending light rail from the existing airport station south to Federal Way. However, the portion of the extension from the airport to South 200<sup>th</sup> was included in the original Sound Move Plan passed by voters in 1996. Preliminary engineering and environmental work on that section was completed in 2005. The extension south was not built under Sound Move and is under the ST2 program and not programmed to open until 2020. As the environmental work is done, Sound Transit is

interested in accelerating the delivery of that section to open by 2015. Since the preliminary engineering was completed nearly a decade ago, it will require some refreshment to bring some of the design elements up-to-date.

The South Link includes 1.7 miles of elevated guideway and includes:

- Aerial station at South 200<sup>th</sup> Street with
  - Passenger plaza
  - Mezzanine level
  - Platform level
  - At-grade bus transit connection
  - Kiss-and-ride drop-off
  - Future parking structure development
- Other program elements include:
  - Site work
  - Existing utility relocations
  - Storm water detention systems
  - Traction power substation
  - Overhead catenary system
  - Signal and communications systems

At the airport station, the alignment runs south through the Port of Seattle property along the west side of International Boulevard and then turns west to align with 28<sup>th</sup> Avenue and crosses over 188<sup>th</sup> Street and continues down 28<sup>th</sup> Avenue and ends at the South 200<sup>th</sup> Street Station. The parking structure will include up to 630 spaces and will be included in the overall project, but it is not part of the D-B project. Sound Transit is working with the Port of Seattle to coordinate the alignment south of the airport station where the Port has changed its railroad plans.

The aerial guideway conceptual design for the South Link project will have the same basic shape as used on six miles of track through Tukwila with beams of 120-foot span in a V-shape box-girder design. Columns are integrated with the guideway and include a monolithic piece with aesthetic detailing. The beams can be cast in place or precast. South of the airport station, the alignment must cross over several Port roadways. In previous preliminary engineering work on the light rail alignment, the project was coordinated with the Port's plans for future reconfiguration of the roadway ramps that would be rebuilt at the same time as the light rail. However, the Port hasn't been able to proceed with the plans and has no current project funded. Consequently, Sound Transit will coordinate the alignment so that it doesn't preclude the Port's future plans and impact future roadway ramps. That alignment coordination will occur this fall as a joint effort.

Henry Cody reported the project is a highly specialized and technical project. He responded to questions previously submitted to the agency.

1. **What are the highly specialized activities, technologies, or schedules(s)?** Elevated light rail guideways and systems are highly specialized activities. Systems technology integration into the guideway is complex. Structural systems for guideway construction are specialized and can include recast segmental, precast bus, or cast-in-place spans. The systems are the power, signal, and communication. Systems integration in a light rail structure is complex. Sound Transit's precast segmental guideway is the only bridge of its type in the state. It was a highly successful project and included 2,500 individually cast segments in eastern Washington trucked and erected with an overhead gantry that was rented and designed in Italy. This is only

one of the technologies that the D-B contractor could use. Tub construction would also be highly appropriate for this project as well as precast and cast-in place.

2. **Why is D-B critical in the development of the methodology or the implementation of the proposed technology?** The guideway design and the specialized means and methods of construction are linked. D-B combines the skills of highly specialized designers and contractors. The integration of the guideway and aerial station requires close design and construction coordination. D-B allows the Civil and Systems schedule to overlap and save time. The public can achieve the best benefit by linking the designer and the contractor in a D-B contract. Certain contractors have certain expertise and equipment for lifting heavy pieces of bridges and installation. Certain designers have certain skills and specialize in certain types of bridges. The repetitive guideway spans are a very specialized niche in bridge construction. Sound Transit benefited on the original project by having a designer and a contractor. By using D-B, Sound Transit can guarantee the best combination of designer and builder.
3. **Is the design and construction method repetitive?** Mr. Cody said it is clearly repetitive in that the project will have approximately 70 spans of 120-foot concrete spans. By linking the designer and the builder, Sound Transit optimizes the efficiency and time of construction of each repetitive span. Sound Transit believes the project is a good match for the criteria and is very specialized in the methods of construction and design that are interlinked with many repetitive project elements.

Mr. Davis reviewed members of the project team. Ron Lewis, Deputy Interim Project Director, led the efforts to build the segment into the airport. The design group is headed by Mr. Kempkes and Mr. Cody leading the construction management group utilizing some of the agency's more experienced construction managers as well as supplementing staff with consultants knowledgeable in D-B methodology. Sound Transit has support in terms of project scheduling including a whole range of project controls and staff who interact with the public on a continuous basis. Lynne Riley-Hall and Leslie Jones report directly to Ron Tober, Deputy Chief Executive, and have independent oversight on aspects of the project.

Sound Transit is hiring a consultant, Nancy Smith, Nossaman, Inc., to complete the contract documents. Ms. Smith has worked with Washington State Department of Transportation over the last decade on numerous projects as well as experience in working with the Federal Transit Agency (FTA).

Mr. Davis reported another driver in D-B is schedule. Sound Transit believes it can save a year in construction. With the ability of overlapping design and construction as well as the station and guideway/systems work it will enable timely completion of the project. The public benefit is a fiscal benefit by entering a competitive market and a number of firms have expressed interest in bidding on the project. A number of firms have also indicated they would bid as a D-B project but not bid a D-B-B project. That is similar to what Sound Transit experienced with the GC/CM project. D-B allows the team to design to the contractor's specific equipment and there is reduced risk of interface issues because the work is coordinated by a single entity. Compared to D-B-B, Sound Transit believes it can improve the overall quality and schedule. Added public benefits include better connections to the bus system, available parking, improved access to the station, increased transit ridership, and decreased emissions.

Ms. Riley-Hall reported Sound Transit has procured construction contracts over \$3 billion. The application lists some of those projects. She's been with Sound Transit for three months and was with the City of Seattle as the City's Construction Contracts Manager. Within Sound Transit, experienced contracting staff administer the contracting process beginning with the RFP process to close out of the projects. This month, the Procurement and Contracts Division received an Outstanding Agency Accreditation Achievement award for professional excellence in public purchasing policies and practices. All public works projects are subject to review and oversight of Procurement and Contracts to include working closely with all project managers on the team.

Sound Transit is independently audited by state and federal agencies. One recommendation included using alternative public works on projects. Sound Transit utilizes outside assistance and oversight as needed.

Leslie Jones reviewed the agency's diversity record. Construction of the University Link totaled over \$500 million. Of \$37 million invoiced, approximately \$18.4 million or half was to small business firms inclusive of \$11.2 million to Disadvantaged Business Enterprises (DBEs). Within D-B, that methodology will not change with Sound Transit identifying the contractors and determining the availability of small businesses and then establishing goals. Sound Transit believes that under the D-B procurement method, the agency will have the opportunity to work closely with contractors to enhance those collaborative relationships to continue that level of performance. Sound Transit received notification that in September it will receive a national crystal eagle award for economic development.

Panel Chair Davis invited panel questions.

Mr. Smith expressed support for the project utilizing D-B as it meets the criteria and it's an excellent opportunity for Sound Transit to use D-B. He asked how much responsibility Sound Transit is retaining within the 30% design work and how much will be completed by the designer-builder. Mr. Davis explained that there is much flexibility for innovation particularly in developing the contract and install systems. The intent of 30% design is an approximate number and the need from the D-B contractor to ensure all right-of-way has been secured as well as securing an agreement from the City of Sea-Tac and to some extent the Port of Seattle on interfacing. Once those interfaces have occurred with public entities and right-of-way defined, it will be up to the contractors to pursue the work. Mr. Smith said the application appears to lay out a specific design. He asked if that is a concept or whether the contractors will have some latitude. Mr. Davis replied that it's important that the project preserve existing continuity of the system and not switch to a different system. The intent is capturing the aesthetics through different designs.

Mr. Benson asked whether the decision would be up to the contractor to have the elevated structure precast or cast in place. Mr. Davis affirmed that is the intent. Mr. Benson asked about the kind of submittal required by the contractors in terms of completeness of design and honorarium to unsuccessful applicants as well as the cost associated with submittal of a proposal. Mr. Davis said the team anticipates a two-stage process where a RFP will be requested from a limited number of finalists. The design proposal will be based on performance specifications as well as aesthetics and critical elements. On a project of this size, the project cost is approximately \$150 million in construction with a six-month period to complete the permitting process and five or six months to develop the design and review final proposals. The honorarium hasn't been determined but it will likely be over six figures.

Mr. Benson asked questions about the amount of design build expertise required for the project. Mr. Davis said key personnel identified within Sound Transit's construction organization are Henry Cody, Dick Sage, and Bill Gardner, all of whom have some design build experience. He shared their respective experience on several projects. For all projects, construction management consultants are hired, which occurred on the University project to supplement staff. One of the strongest elements of design build is the assistance Sound Transit receives in the procurement phase through services offered by Nancy Smith, who has a team specialized in developing complex contracts in the state and well as nationally. Admittedly, Sound Transit doesn't have five or six construction managers with over 20 years of design build experience. On Sound Transit's GC/CM project, the agency hired a contractor who had that experience. It's somewhat of a catch-22 situation where if the agency doesn't have the expertise it's not eligible to use the delivery method. Sound Transit has demonstrated the commitment of adding that expertise to the project. Securing that resource will likely occur three to four months in advance of releasing the contract for bid.

Mr. Benner asked about the delivery of the initial segment. Mr. Cody responded that it was a traditional D-B-B package. Mr. Benner asked why the agency decided against D-B-B for this segment. Mr. Cody said the agency was fortunate to secure a designer from Canada who had experience on elevated guideways on air light rail systems. If the agency is fortunate in securing a precast segmental builder from Florida, then the agency will repeat the success of the first project. However, the goal in terms of public interest, is releasing the project to all designers with all types of guideway experience and contractors to team up to guarantee to the public that there will be a link in the design and method. Sound Transit was fortunate on the C755 project (Tukwila segment) to have that expertise. Mr. Benner asked if there was a reason at that time Sound Transit elected to pursue traditional as opposed to D-B. Mr. Cody reported the agency had a history of D-B projects 10 years ago that involved eight miles of deep tunnels and stations in a single D-B package that didn't meet budget. The agency completed the procurement process and didn't meet budget. It was Sound Transit's greatest crisis in 2000 and 2001. From that point, Sound Transit pursued the conservative approach.

Mr. Davis said when the initial segment was built, Sound Transit focused on D-B-B because of the comfort level and because some alternative contracting practices were not well involved as they are today. Sound Transit doesn't believe it's necessary to continue following that mode today.

Mr. Chandler asked the team how many statement of qualifications the agency anticipates receiving. Mr. Davis said based on contacts in the industry to date, he estimates a minimum of five proposals. Mr. Chandler (OAC) said the work is specialized. Mr. Davis said this form of D-B has been used at several places across the country. Firms that are looking at the project are national companies. The agency will shortlist two to three companies. Mr. Chandler asked about the number of hard bids the agency might receive if it pursued D-B-B. Mr. Davis indicated in today's market the agency would likely receive up to five bids. There are some quality firms that shy away from public works hard bid contracting that likely wouldn't participate in a D-B-B project.

Mr. Pease asked about the length of the contracts for the design build consultants retained for the project. Mr. Davis said the main consultants hired for this particular project is the Hewitt-Zollars group with the probability providing oversight for design and construction. Another consultant is Gary Baldasari. The agency is working to extend his contract. Darlene Septelka has assisted the agency with some procurement issues on the east link project. Ms. Septelka is available on non-specific terms and is providing guidance to the agency. Most of the design build expertise will be through Hewitt-Zollars.

Mr. Shinn inquired as to whether a project labor agreement will be negotiated for the project. Ms. Riley-Hall affirmed a labor agreement will be involved. Mr. Shinn asked whether participation by small business and minority owners is mandatory. Ms. Jones said the expectation is to achieve the stated goals for the project. Sound Transit established small business goals and experience has shown that contractors are meeting, and in many cases, exceeding the goals. Sound Transit is very pleased with the results on achieving small business goals.

Ms. Moses referred to the earlier information about the precast work completed by a Florida contractor. Mr. Cody clarified that the contractor was from Florida, but the precast work was completed within state. Ms. Moses advised that the state has established a precast subcommittee that is a subcommittee of the prevailing wage advisory subcommittee to oversee that work in the state. The purpose of the subcommittee was established because of prevailing wage issues involved in offsite fabrication of non-standard items as there is no viable scope of work to cover such work.

Panel Chair Davis invited panel deliberations.

Mr. Benson commented that Sound Transit is obviously very accomplished at delivering major projects for the community. However, he has some concern about the lack of commitment in terms of who will be

administering the process. Previously, other companies have indicated that they will hire consultants, which hasn't occurred. The reality of meeting small business and DBE goals is much easier for general contractors under D-B than for GC/CM projects. Additionally, there is no guarantee that the precast will be from Washington State.

Mr. Smith encouraged the team to take steps to ensure they understand the significant differences between D-B and D-B-B in terms of the relationship of parties and the risk of the owner and ensure they follow through in that role and not that of the D-B teams. In moving forward, it's important the team ensures they have a consultant who has an understanding of D-B procurement and is in the position to influence decisions and day-to-day activities to avoid inserting the agency in the middle of D-B responsibilities. He asked about the plan to mitigate that risk.

Mr. Chandler echoed similar comments. Clearly, the project meets D-B criteria, is competitive, and the agency needs specialized contractors. Many of the larger engineering projects are using the D-B delivery method. There was too much risk shifting in the tunnel project that created problems. It's important to acknowledge where that risk falls and understand the project delivery type.

Mr. Pease shared similar concerns as well as concerns regarding the length of some of the consultant contracts.

Mr. Shinn said that as a Washington contractor he hopes the project is weighted high to afford Washington contractors with an advantage so that Washington workers are employed.

Mr. Smith acknowledged the competency of Sound Transit and has no qualms about the agency's ability to develop the team and, if necessary, recognize that more expertise may be required. The consultant will be important to advise the agency on risk transfer and the appropriate balance. On the question pertaining to 30% design, the response pertained to owner risk involving permitting, interagency agreements, and right-of-way. Those are risks the agency must retain. That same philosophy should be carried through the entire procurement process.

**Eric Smith moved, seconded by Rick Benner to approve the project application from Sound Transit for Design-Build. Motion carried. Rodger Benson opposed.**

Mr. Benson shared his reasons for voting against the application. Mr. Smith said although he shares many of the same concerns, he views Sound Transit as a very sophisticated organization than typical organizations, and that the extent of obtaining the knowledge at this time is indicative of its intent to make necessary adjustments when required.

Chair Koal recessed the meeting from 1:20 p.m. to 1:30 p.m.

**Project Application Review for GC/CM City of Everett, WPCF Phase C Expansion**

(Panel Chair Gary Baldasari, panel members Gary Arndt, Penny Koal, Darron Pease, Linneth Riley-Hall, Keith Schreiber, and Miriam Israel Moses.

Panel Chair Gary Baldasari welcomed everyone and outlined the application review process. Panel members and guests provided self-introductions.

Tim Marks, Project Manager, City of Everett, outlined the presentation agenda. The project team includes:

- Tim Marks, Project Manager, Phase C Expansion
- Brad Einfeld, Design Project Manager with Carollo Engineers. Carollo is proceeding to 30% design.



- Bob Bingham, GC/CM Advisor with R. W. Beck

Mr. Marks said he reports to Jim Miller, Engineering Supervisor for the City of Everett. The City has legal counsel that is prepared to hire specialized legal counsel to satisfy all legal requirements of the project. The design team is comprised of members of the City of Everett's Water Pollution Control Facility who have a vested interest in the project.

The City of Everett will fund the project through three basic sources:

- Capital contributions by wholesale customers:
  - Silver Lake Water and Sewer District
  - Alderwood Water and Wastewater District
  - Mukilteo Water and Wastewater District
  - Negotiating with the City of Snohomish to send its sewage to Everett for treatment
- Sewer rates
- Bonds, repaid by sewer rates and other wastewater utility sources.

The planned expansion can be easily funded by the above sources. The City also intends to apply for the State Revolving Fund loans, to secure lower interest rates and reduce the financial impact to customers.

The appropriateness of GC/CM delivery method is based on the following factors:

- Implementation of the project involves complex scheduling, phasing, or coordination.
- The project involves construction at an occupied facility that must continue to operate during construction.
- The involvement of the GC/CM during the design stage is critical to the success of the project.
- The project encompasses a complex or technical work environment.

The project is located at the Everett Treatment Plant at the South Plant location. There are three general wastewater processes involved. Approximately 40% of the project involves upgrading the existing liquid stream systems.

Bob Bingham, R.W. Beck, reported the City has ensured that the project team is fully capable and experienced in delivering a successful GC/CM project, which begins with Tim Marks, the project Manager who has over 30 years of experience in construction engineering and construction both in the private and public sectors. He was the project manager for the previous project the City constructed at the site involving a GC/CM project. Mr. Marks managed the project from beginning to end. Another important aspect is Mr. Marks' leadership style and is a firm believer in the development of the collaborative effort between the design engineer, the contractor, and the City.

Brad Einfeld, Design Project Manager, is focused primarily on design and is experienced in alternative delivery having worked with two GC/CM projects in Arizona and as project manager for a large D-B in Tracey, California.

Mr. Bingham said he will be the advisor on the GC/CM throughout the project. He has been an alternative delivery advisor for most of his career and lead advisor for many large projects. Specific to GC/CM, he was the advisor project manager of the WPCF Phase A expansion as well as an advisor for the King County Brightwater project reporting directly to the County Council on issues related to the GC/CM delivery for the liquid portions of the Brightwater Treatment Plant.

Mr. Marks reviewed and responded to previously submitted questions from the PRC:

1. The list of key steps (page 10) has a long gap between the PRC project approval date (August 2010) and the publication of the project FRP in June 2011. In contrast, the activities of: Selection Committee evaluation, distribution of the RFP, Final Proposals submittal, interviews, and notifications all occur within one month. Are these activities and the expected duration realistic? Could several of these activities commence in June 2011 allowing time for possible contingent planning if needed? *The team has allowed 13 weeks from the time the RFP is published to make a selection of the GC/CM contractor. Increasing the time allowed for that selection by starting early could provide additional float in the schedule and it will be considered. The intent is to procure the GC/CM contractor as quickly as possible, but allow adequate time to do it correctly.*
2. The average construction cost for the 16 projects listed in the table of Relevant Project Management Team Construction Experience is roughly \$4.56 million. This project has a budget of \$73,000,000. What management tools and personnel will the project team use to oversee and manage this complicated project? *It is true that the average cost of the projects is \$4.5 million. However, at the City of Everett he has personally managed a number of large projects, including the \$36 million WPCF Phase A Expansion (completed in 2007), and a \$14 million project (completed in 1989) that built the existing trickling filter and solids contact facility that is now being expanded as part of the proposed project. The most important tool is to oversee and manage this complicated project is the selection of a highly qualified (not the lowest bid) construction manager to manage construction. Some of the specific tools that will be used to oversee and manage this project will be MS Project construction schedules with monthly updates, project status reports, change order tracking reports, cost accounting reports, weekly construction meetings, daily activity reports, daily inspection reports, photo logs, equipment testing reports, start up plans, and material testing reports. The anticipated staff includes a minimum of three full-time individuals involving Tim Marks as project manager, an assistant construction manager, and at least one full-time ICBP certified material testing representative. In addition, the City's design engineer will provide support for submittals, RFI, design changes, and change order cost verification.*
3. Please explain further the 90-day time extension granted on the Phase A for a design change. *During functional testing of the hypochlorite system, bubbles formed in the piping which made the system unreliable. A decision was made to switch the system to metering pumps, and this required additional time to evaluate, select, and install a replacement system. The replacement system then required additional testing prior to acceptance.*
4. What percentage of Tim Marks time will be spent as the PM? *Mr. Marks will spend approximately 70 percent of his time during design and 100% of his time during construction working on the project.*
5. Item 10 indicates the City of Everett has no audit findings on previous public works yet in another application (Municipal Court) audit findings were reported. Please clarify. *All contracts listed in the application were constructed under the Public Works Department. There were no audit findings on any of those projects. The projects listed for the Municipal Court PRC application are separate and independent from the ones listed in this application. The Municipal Court projects were managed under a different department director using different staff members.*
6. The figure provided shows that most of the proposed work will occur in an area adjacent to the existing facility. The proposed work within the existing facility appears to meet a master plan. Provide more specifics regarding conflicts and how a GC/CM is the best entity to resolve these conflicts using a very experienced management and design team.
7. The schedule does not indicate any conflicts during construction. Provide schedule information that gives detail to the committee on complex schedule issues. *Construction will occur both directly on the current site and in areas immediately adjacent. Construction in adjacent areas has the potential to impact many of the main underground pipes and plant utility corridors. The project will require daily coordination between plant staff and the contractor to maintain smooth operation. The plant must remain in operation*

*during construction. Several examples of areas of potential conflicts that will require close coordination between the construction contractors and plant operators were reviewed with the committee.*

Panel Chair Baldasari invited questions from the panel.

Keith Schreiber referred to Mr. Bingham's role as oversight consultant on the Brightwater project. He asked Mr. Bingham to elaborate on his role in terms of the contractual development of the GC/CM RFQ and what sort of oversight was involved. Mr. Bingham said he was hired by the King County Council when the Brightwater Project was at a critical point and there were many contentions with costs. R.W. Beck was hired by the County Council through the Auditor's Office. The company completed a comprehensive evaluation of the Brightwater project and compared it to four comparable projects throughout the U.S. at all level of project development and practice. A report was prepared including some best practices for achieving compliance. R.W. Beck has been working with the county for the last seven years. The company did not complete the contracts, but did review application of the projects and the things that happened including a review of issues. R.W. Beck continued to advise the County Council on the issues, risks, problems and the resolutions.

Mr. Schreiber asked if the company worked with the City of Everett on an earlier phase of the same project. Mr. Bingham said the company is the direct advisor and is preparing the contracts and the RFP and advising during construction.

Mr. Pease asked whether bringing on the MC/CM has been considered. Mr. Bingham said the option was discussed although it's a fairly new opportunity. The team would like to talk to others who have used the process. There were some discussions with contractors about pros and cons. However, the team is receptive to the option. Mr. Pease asked whether the project includes any federal stimulus funding. Mr. Marks indicated the project includes no stimulus funding.

Ms. Riley-Hall asked about oversight for the project. Mr. Marks said he will have direct control of the various contracts in coordination with R.W. Beck. His direct authority is the Engineering Superintendent of Public Works, Jim Miller.

Ms. Koal asked how many City of Everett personnel are on the design team and how many have GC/CM experience. Brad Einfeld said the overall design team will work closely with the contractor. The team is also working with City operations throughout, which is a subgroup. Many of those members were involved in the last project. In fact, three to four members involved in the last project will be involved in this project. Mr. Marks added that members of the design team reflected on the organization chart are members of the Water Pollution Control staff. Four supervisors representing Maintenance, Operations, Lab, and another area were all involved at the plant during the first contract. During the first contract, there were weekly meetings that were open to the superintendents but with limited input.

Ms. Koal referred to the Phase A project and asked for identification of the measures of success. Mr. Marks said there was expectation of high quality and timely performance. The City Council's expectations pertaining to schedule and budget were measures used to gauge success, which were achieved.

Gary Arndt referred to the response to the second question on management tools and personnel the team will use to oversee and manage the project and asked for additional clarification. Mr. Marks said the project will be formed during the design phase in collaboration with the engineer and contractor. Both parties will generate cost estimates as the project is broken into pieces. As those pieces are scheduled there will be a better handle on the costs. The formulation of the cost of the individual parts will be known, and as construction proceeds it's a matter of scheduling those activities and monitoring the competitive bidding. The process of completing the design and obtaining the cost estimates and creating the construction schedule will lead to good control of

project costs and project duration. Mr. Einfeld advised that some of the tools mentioned in the response will be used initially and after the team begins working with the contractor, they will use the standard construction tracking tools.

Mr. Baldasari asked about the timeline for commencement of Phase 1 and Phase A. Mr. Marks said construction commenced in 2005 and completed in 2007. Mr. Baldasari asked if the City applied to the PRC for Phase A. Mr. Bingham advised that at that time there was no approval process. The Council was required to conduct public hearings on the project.

Mr. Schreiber asked about Mr. Einfeld's role during the construction phase. Mr. Einfeld said he anticipates reviewing drawings and RFQs and providing startup assistance. The City of Everett has a construction department that will provide many of the services.

Ms. Moses asked about the authority that allowed the project to move forward in 2005. Mr. Bingham reported the City Council was the governing legislative body, which was required to conduct a public hearing based on the statute at that time.

Panel Chair Baldasari opened panel deliberations.

Several members commented on the good presentation while other panel members had questions surrounding the administration of contracts and the use of GC/CM. Many members agreed that the use of GC/CM on the prior project was likely why the project was so successful.

**Keith Schreiber moved, seconded by Penny Koal, to approve the project application from City of Everett's Water Pollution Control Facility, Phase 3 Expansion project for the GC/CM delivery method. Motion carried unanimously.**

Chair Koal recessed the meeting from 2:16 p.m. to 2:29 p.m.

**Project Application Review for D-B City of Everett, Municipal Court Building**

(Panel Chair Keith Schreiber, panel members, Tom Balbo, Rodger Benson, Don Gillmore, Jonathon Hartung, Darlene Septelka, and Dave Marberg)

Panel Chair Schreiber welcomed everyone and outlined the application review process. Panel members and guests provided self-introductions.

Don Chandler, Managing Principal, OAC Services, reported he plays an advisory role to the City of Everett and to Derek Rae, Project Manager, OAC Services. Mr. Chandler said he will work on the RFQ and the RFP and will be involved in the negotiations providing support to Mr. Rae. Bill Buursma, Principal Architect, DLR Group, has extensive owner design experience as well as design build experience on the contractor side. Lori Coppenwrath, Program Architect, DLR Group, will work on building the program documents. Richard Prentke, Attorney, Perkins Coie, is the construction legal advisor. Carlton Gipson, Director of Facilities/Property Management, City of Everett, has an overall oversight role of the project for the City.

Mr. Gipson provided an overview of the City of Everett and the need for space for Municipal Court needs. The request is for approval of the delivery method to expand the facility to meet the needs of the community. The City is located between Marysville and Seattle comprised of a population of 103,000 people. The City is the county seat for Snohomish County. The area is home to over 80,000 jobs in the City in basic services, technology, and aerospace industries.

Mr. Gipson reported he's been with the City for 27 years and with Facilities and Property Management the last 16 years. Chris Lark, Project Manager, has been with the City for 19 years with 25 years of experience in the industry. Mr. Gipson said his role is primarily at the front end of the project and is involved in the planning effort, and obtaining approval and funding from the City Council to move forward. The project has been in pipeline for the last 16 years and staff was finally able to obtain approval from current City administration primarily because of overcrowding at the facility. The current facility was built in the 1950s and the original approach was to add on to the building and remodel the existing building. The City Council directed completion of the project within two years within a \$6 million budget producing a LEED Silver certified building. Normally, a D-B-B delivery method would have been pursued, however, that process didn't satisfy some goals as directed by the City Council. Additionally, the D-B-B process delays the true costs of the project until later in the design and bidding process. It's important to know upfront whether the marketplace can deliver the project for the funding that's been allocated for the project. If not, other concessions can occur to avoid schedule delays.

Current facilities occupy the main facility of 5,200 square feet and a 3,200 square-foot probation facility. Studies indicate the need for 16,000 square feet of space to meet current needs and 18,000 square feet to meet 2015 needs.

Mr. Rae added that when the City sought the assistance of the program architect, a different project architect was noted in the project organization chart. A change in personnel occurred to better fit the needs of the project by adding Mr. Buursma and Ms. Coppenwrath.

Mr. Buursma reported the DLR Group has worked with the City for a number of years on different areas for placement of the program entailing predesign and programming studies. DLR Group is very familiar with the users involved and has an established relationship that has assisted in developing the performance specifications for the facility.

Mr. Buursma shared his professional experience as an architect with experience in design-build in the public and private sectors involving projects over \$100 million. Within the last several years, the State of Washington completed its first design-build in excess of \$100 million. DLR Group completed the bridging documents for that project and worked with subconsultant, Mike Loulakis, who essentially authored the design-build book. Working together, they were able to develop several significant improvements.

In addition, Ms. Coppenwrath is assigned to the project and is also working on county-level projects, such as a new courthouse in Yakima County and a temporary courthouse in the City of Lynnwood. The company works on all scale of projects.

Mr. Buursma outlined several improvements developed during the state's first D-B project involving the Washington State Department of Corrections \$100 million expansion of the Walla Walla maximum security facility.

Key facilities will be prescriptive with the layout of the courtroom followed closely to include room data sheets for room types and level of quality specifications. At the end of design those specifications become addendums to the contract. The project is for two courtrooms totaling 16,000 square feet both with jury rooms. Judge chambers will be private and secure allowing for future expansion. The project site is situated between parking lots and an existing City building and the older building is currently occupied. The team considered remodeling the older building and building a new building, but that option extended the timeline another year. Subsequently, the project will entail a new building with the court to continue operations at its existing location.

Mr. Rae described how the project meets criteria within the statute for D-B. The contracting method provides substantial fiscal benefit by having one contract with the design team and the general contractor eliminating much of the risk that is encountered in complex projects. The design schedule is also shortened in D-B contracting creating a shorter design schedule and earlier construction start time and well as savings on fees that would be paid in the a typical D-B-B delivery method. The design of a courthouse is very specialized with the security requirements and intertie of security elements involving close circuit TV and bullet proof alarms to protect clerks and judges. One of the challenges of the project is the short lead-time for completing the project because of the nature of the existing need.

The City of Everett has contracted with DLR Group and OAC Services to carry the project through construction of the D-B project. The management design team includes experienced personnel in the D-B industry. Mr. Rae added that he has D-B experience within the private market as well as working on a GC/CM project for Mason General Hospital. Mr. Chandler has a considerable amount of D-B experience as well.

In terms of audit finding, the application contains information about the audit findings, which have been resolved and corrected.

The public benefit of the project likely includes up to a 20% to 30% reduction in costs associated with D-B and because of current market conditions. Now is the time to expedite the design process, which is afforded through the D-B delivery method. One contract also reduces owner risk and eliminates many change orders. Expedited delivery saves time and dollars, which are public benefits.

If approved for D-B, the City will send out an RFQ for short-listing for an RFP by November. Site work is a separate project.

In response to questions pertaining to the budget and contingency, the budget includes state and city sales taxes, permit fees, and a 7% contingency.

Mr. Gipson reported funding has been designated and approved by the City Council and plans and ordinances are in place for the \$6 million project.

Panel Chair Schreiber invited panel questions.

Ms. Septelka referred to references about bridging documents and asked for the definition of bridging documents and the percentage as D-B typically is not supportive of bridging documents. Mr. Chandler (OAC) clarified that the term is a misnomer and that it's actually a program document. The dimensions and specifications of the courtroom features will be prescriptive, but beyond that it will be a program document.

Mr. Benson indicated that his firm is the largest in the state completing D-B projects and one of the problems with projects of this size is that often it's difficult to find partners who can justify the reward when balanced with the cost of the job. The project honorarium is relatively minimal for unsuccessful teams, which will cost those companies more to respond to the RFP. If the requirements are too excessive it's likely there will firms unwilling to accept that risk. He asked whether the team has discussed those issues.

Mr. Chandler (OAC) said in today's marketplace, many companies are willing to take more risks. The team discussed the honorarium with the City and agreed it's important to shortlist a small number of companies. Two is too risky because one company could withdraw. The team plans to solicit the marketplace significantly in the RFQ portion and request feedback on the reasonableness of timing and approach.

Mr. Benson added that in order to submit a qualifications package, the company must have a team in place. For his company, he has to convince the appropriate skilled architect to team up and submit a proposal. If the terms of the RFQ are unattractive, it's likely it will impact the number of submittals. Many companies are unable to afford the effort. Mr. Chandler (OAC) advised that as soon as the RFQ is posted on the website, the team often answer questions. Once the teams are qualified, there is time for further conversations to provide good feedback.

Mr. Balbo requested clarification of Mr. Buursma's role. Mr. Buursma explained that in preparing the program document, there is space program and exhibits, room data sheets, short form specifications. There will be a team of engineers assisting in developing the specifications, entailing a much larger team to develop the document. He will oversee that work with Ms. Coppenwrath involved in programming effort. The team will continue to support through review of design as it develops and attends proprietary meetings. At some point, the construction management will be turned over to OAC Services. DLR Group's assistance is tailored to the size of the job.

Mr. Balbo referred to the project specifications and asked whether the project is conceivable as a D-B-B project over the two-year period. Mr. Chandler said the work completed to date is programming with no design initiated at this point. There have been some predesign studies completed. Today, efforts are validating the predesign studies and checking with the users, particularly judges and court clerks to ensure the programming meets needs. The City doesn't believe the project could be delivered in two years as a D-B-B project partly because of the overlap between procurement and design.

Mr. Balbo said he's not convinced the City will save costs pursuing the D-B delivery method because the contractors have the responsibility for the general contractor and the design against the guarantee. The contractor will factor some cost to absorb that. In a D-B-B, those costs are across the board.

Ms. Septelka said she assumes the RFQ documents are ready if the City plans to shortlist by September. She was advised that the RFQ is pending. Ms. Septelka cited other deadline dates for permitting, which are now taking longer because of reduction in staff. Mr. Rae said the City plans to submit for permits prior to the completion of construction documents. It is anticipated the City will receive permits in July so that demolition can begin and construction can commence.

Mr. Marberg asked whether any funding has been secured for demolition of the parking lot and since it's a 1950s era building, has the team completed a survey of hazardous materials. Mr. Gipson reported the funding for demolition of the existing building has not been secured and demolition of the building is still undetermined because of some zoning issues.

Chris Lark advised that partial asbestos survey reports were prepared based on partial remodeling that have occurred over the years. However, a full survey report hasn't been prepared, which the team plans to move forward to secure.

Mr. Gillmore asked the team whether they have investigated other facilities of similar size to determine whether the square-footage estimate is realistic. He asked if the City is prepared to reduce the courtrooms or the size of the other facilities to meet budget. Mr. Gipson said the City is prepared to take whatever steps are necessary. There have been ongoing conversations with court staff over the years regarding size. They understand the City's budget constraints and the need for give and take because the project represents an increase in space. Mr. Gillmore asked about the process for those types of decisions. Mr. Gipson said some of the decisions would be made at the staff level except those decisions involving funding or schedule.

Jonathon Hartung asked how the budget was established for the project. Mr. Chandler said a number of scenarios were reviewed over the years. The most current scenario involved adding to the existing facility and remodeling. That budget was approximately \$6 million for that scenario. During the approval process by the City Council, the Council questioned whether it would be more beneficial to build a new building rather than marrying old and new creating two different life cycles. Staff was advised to pursue a new building and determined the D-B delivery system was the best opportunity based on the analysis for delivering a new building. Mr. Hartung asked whether the team accessed external cost estimating expertise to develop the estimate. Mr. Gipson advised that the cost estimate for the remodel and new building was completed by a cost consultant. Mr. Chandler (OAC) acknowledged that the budget is tight and the level of finishes for a municipal court is not of the same scale as a federal court. The intent is to receive input in terms of the relevancy of the budget and whether it can be achieved. The RFQ will describe the project requirements and needs. Mr. Hartung said it appears the team is seeking input from responders on what can be achieved within the budget parameters. Mr. Buursma added that a courthouse can range in cost based on the quality and type of materials. There also will be some deduct alternatives.

Mr. Benson suggested there wouldn't be sufficient time based on the proposed schedule for D-B to interview the teams and negotiate contracts. Additionally, the PRC is validating public works GC/CM and D-B experience as required under the RCW. He asked who will be assigned to manage the design/builder on the project. Mr. Rae said he'll manage that process. Mr. Benson commented that based on the application, Mr. Rae doesn't have D-B experience. Managing a D-B contract is different than managing a GC/CM project or a private sector project. Expectations from the design-builder are very different in terms of involvement.

Mr. Chandler (OAC) said he appreciates the mentorship relationships, which is very common in his office. Mr. Rae is the lead and his responsibility is as the editor and the coach. Other professionals within the office not listed on the application are also mentors and coaches. The firm believes it's an appropriately sized and scaled project and believes that the marketplace will respond favorably. Mr. Rae's background is in construction and he is doing a very good job on a GC/CM project.

Mr. Rae acknowledged that most of his experience is in the private sector with some public works for a school district for D-B-B. His private sector experience has afforded him the knowledge of knowing how an architect and contractor work well together in the private sector. The D-B process is really a one-team process working together. He doesn't plan on delving in daily details of the work but will verify that the work meets program intent.

Mr. Davis asked whether the City has a plan if not approved for D-B or if the budget is not sufficient for the proposed project. Mr. Gipson affirmed the City has an alternative under any of the scenarios. If not approved for D-B, it is likely the City will pursue D-B-B.

Mr. Chandler (OAC) expressed optimism that the project will attract quality contractors.

Mr. Balbo commented that he's not convinced the answers addresses the requirements of the RCW. Mr. Chandler (OAC) said the question is whether the project includes a combination of specialty systems. Although the facility is not a jail, it is not an office building and includes some level of sophistication. On the specialized delivery method and the schedule, the team believes it meets the criteria because it is specialized and somewhat complex.

Panel Chair Schreiber asked about the timeline associated with the Council's decision to move forward on the project. Mr. Gipson said approval occurred in mid-May. Panel Chair Schreiber indicated there was an inference that the D-B process eliminates change orders. He asked whether that's an expectation. Mr. Rae said D-B will minimize change orders but not entirely eliminate them.



Panel Chair Schreiber asked about any aspect of the courthouse that is unique that precludes the D-B-B delivery method. Mr. Buursma said the complexity involves court systems integrated within the building. In a D-B sense it would need to be a performance specification. The owner is concerned with that aspect. Panel Chair Schreiber asked whether the need to achieve LEED silver creates more complexity. Mr. Chandler (OAC) said many LEED buildings are delivered under the D-B-b delivery method. LEED does add a measure of complexity and it's more easily to achieve under a single contract. The delivery method is chosen based on the criteria, which includes the marketplace at the time, ambitions of the client, and what will deliver the best value. The team believes D-B delivers the best value especially in terms of public benefits because of the knowledge of knowing the number earlier in the process as well as speed of delivery.

The applicants responded to questions on the involvement and potential oversight by judges.

Ms. Septelka commented that Mr. Chandler's involvement reduces to 5% later in the process. She asked if it's possible for that time to increase. Mr. Chandler (OAC) said the goal was not overstating the estimate. There is flexibility within the contract if more oversight is required.

Panel Chair Schreiber invited deliberation by the panel.

Ms. Septelka said her question was addressed on the level of support by OAC.

Mr. Benson said he's not entirely satisfied with the answers. He cited problems that arise in the field and the need to address them on the spot.

Panel Chair Schreiber said his concern is whether the project meets the three elements for D-B project delivery. It comes down to time and money and agencies that have a self-generated schedule that drive small projects. The project doesn't appear to be technically complex.

Mr. Benson said the evaluation speaks to appropriate funding and discretionary budget. There is a concern that an updated budget wasn't prepared for the project versus the previous proposal.

Mr. Gillmore agreed the team is qualified but expressed concerns with the budget and the methodology of the self-imposed schedule. The City should have begun design three months ago.

Mr. Marberg cited previous courthouse experience and the issues associated with working close to an existing building. There are some elements that meet the requirements for D-B as well as some risks that the team understands. The need by the City is one issue. The benefit to the public and the marketplace are other reasons. He said he'll support approval.

Mr. Hartung said it appears the two principle reasons for D-B is to address the Council's schedule and obtain cost assurance. He would have felt better if the team had prepared an estimate of the project. The information is too sketchy.

**Don Gillmore moved, seconded by Dave Marberg, to approve the project application from City of Everett Municipal Court project for the Design-Build delivery method.**

**Members voting against the motion cited their reasons: Tom Balbo, Rodger Benson, Darlene Septelka, and Dave Marberg.**

**Motion failed.**

The applicants were advised that they have another opportunity to resubmit the project proposal.

**Next Meeting Agenda**

The next meeting is September 23, 2010.

**Adjournment**

**Don Gillmore moved, seconded by Tom Peterson, to adjourn the meeting at 3:44 p.m. Motion carried.**

Prepared by Valerie Gow, Recording Secretary/President  
Puget Sound Meeting Services